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**HUD SETTLES ANTI-KICKBACK ACT AND CIVIL EQUITIES SKIMMING
CLAIMS AGAINST NATIONAL DEVELOPER**

Baltimore, Maryland. Thomas M. DiBiagio, United States Attorney for the District of Maryland, announced today that HCI Management, LLC, HAI Management, Inc., Humphrey Associates, Inc., and Humphrey Development, Inc. (collectively, the “Humphrey Companies”), headquartered in Columbia, Maryland, agreed to pay \$500,000 to the United States in settlement of a case arising under the Anti-Kickback Act and the Civil Equities Skimming statutory provisions. Also settling government claims were individual Humphrey Companies’ employees James I. Humphrey, Jr., Robert S. Udoff and Bethany H. Hooper.

The Humphrey Companies are a group of related businesses involved in the ownership, development, renovation and management of properties which are insured or subsidized in whole or part by the United States Department of Housing and Urban Development (“HUD”) or other government agencies. The United States alleged that the Humphrey Companies, through the individuals named, entered into an illegal fee-splitting arrangement with others whereby they charged excessive management fees to manage several Maryland properties, then kicked back part

of the fee to one of partners of the partnerships which owned the properties in exchange for the management contract and other benefits. According to HUD, a total of \$750,000 was improperly paid in kickbacks.

Under the terms of the settlement, the Humphrey Companies agreed to pay \$500,000 in three installments over a period of two years. The Humphrey Companies further agreed, with certain exceptions, to a voluntary exclusion from entering into any new agreements to manage HUD-funded, insured, guaranteed, or subsidized projects until December 31, 2004, and from otherwise participating as an owner, developer or contractor in any new projects that are HUD-funded, insured, guaranteed, or subsidized until December 31, 2003. The Humphrey Companies and the individually- named Humphrey employees also agreed to cooperate in the government's ongoing investigation into this matter.

This case is being investigated by the Office of the Inspector General for the Department of Housing and Urban Development. The settlement was negotiated by the HUD Departmental Enforcement Center and by Assistant United States Attorney Tamera L. Fine who is also handling the ongoing investigation.